

# **Plaintiffs' Exhibit 107**



## 2013 Global Media & Platforms Business Update

May 2013

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Executive Summary

## M&P growing fast, but we can grow even faster



- After several quarters of slow growth (primarily Panda/Safari related), we have turned the corner, delivering **23% YoY Display\*** growth and **17% YoY GDN** growth in Q1, outpacing Search
  - Product view: Q1 Display 25% YoY and GDN 19% YoY (excludes AFD/E and Gmail)
- Goal for today is to provide transparency into the financials of the business and get support for how best to accelerate
  - Defend our Performance core by investing in **1st party data** and **doubling down on Hybrid (aristotle)**
  - Nurture our Brand business by investing in a **self-service model** that will sustain growth and building an **easy front-end for SMBs** in the AWFE
  - Staff the Platforms business to preserve and strengthen market position with agencies and publishers

\* Based on Sales quota view which includes ~2.p.p of negative contribution from AFD/E and Gmail inventory

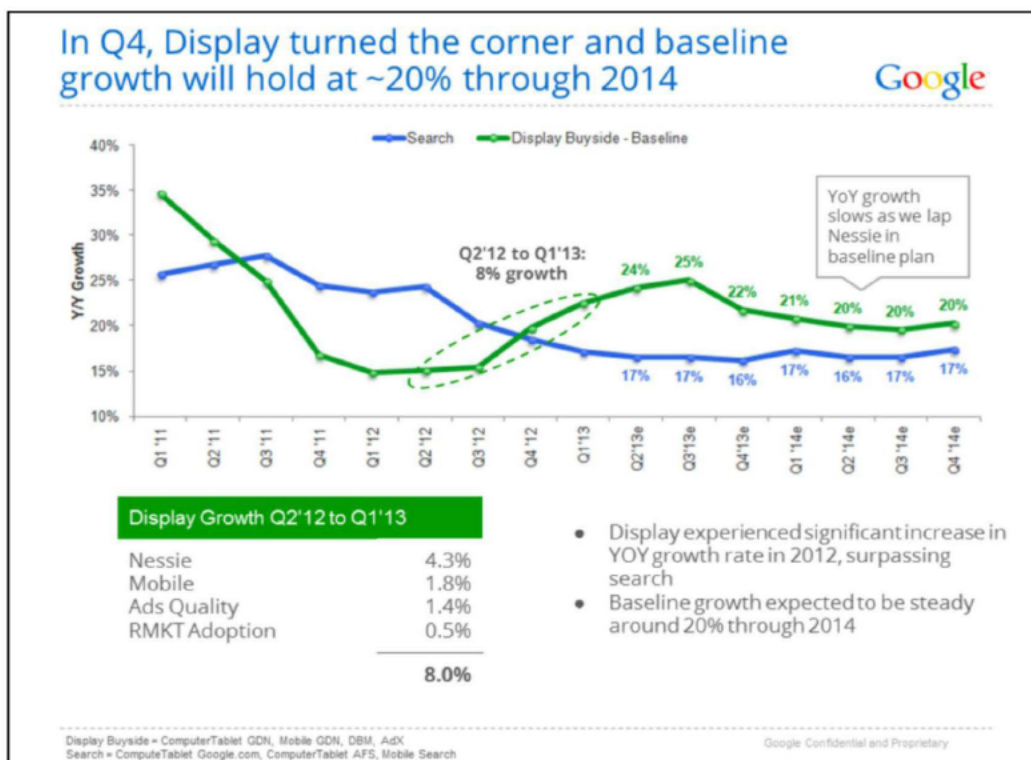
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Growing – best quarter in 2 years – great growth, but could be even faster

We want to present ideas on how to accelerate growth and get your support to make those asks to BC

To do that, we'll give you transparency in P&Ls – discuss how media platforms re connected, then go deep on the asks as well as “fix the plumbing”

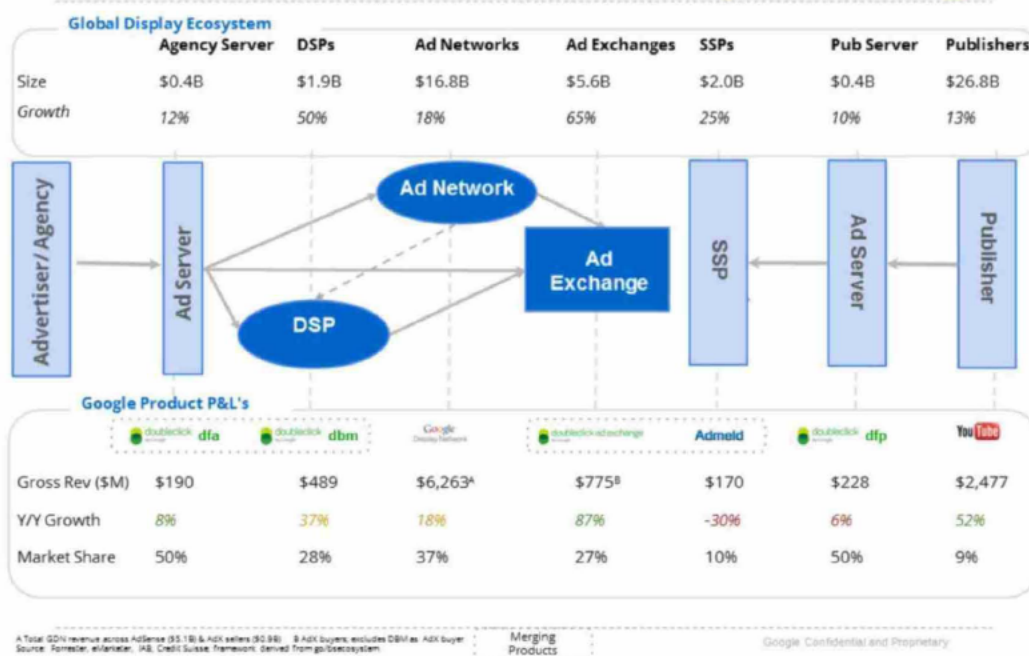
Fast-growing business, that's accelerating business that has a long runway due to large total addressable market - with incremental investment, we can continue to grow at accelerated pace for a long period of time



### Display matters for the future

1. nessie - formats in text
2. mobile - user behavior - inventory growing gangbusters and we're investing in monetization of this (supply has outpaced demand)
3. ads quality - algorithmic changes that improved how we deal with ads and rev share changes
4. cookies and audience - move 1st price up, make CPMs higher (avg RMKT about 2.2x KCT CPMs when used alone)

## Google's 2013e M&P revenue of \$10.5B derives from different biz models across this ecosystem



This is the ecosystem that we're in: top is the overall market size and growth rates, bottom is the products we have in each of these areas (total market size is \$54, growing at 15% and we earn \$10.5B, growing at 20%). 7 products in the media platforms space this is complicated and it's growing/ 2 points:

- 1) INTERCONNECTEDNESS - As time goes by, we've understood better how the platforms business and media businesses support each other:
  - DFP - without DFP, would lose privileged access to inventory ... the function in DFP that enables GDN and Exchange buyers access to inventory that they cannot sell directly, or that we can sell at a higher pricepoint, is a huge business - \$2.1B business
  - DBM/DFA - the premise of the combo is that it results in the defacto buying platform for agencies (and benefit of single cookie to enable a unified view of users across all devices) who want quality reach and frequency ... said another way DFA/DBM are path to attribution and attribution is a must-win
  - GDN Display media spend trafficked via DFA advertisers brings over \$30M a month, has grown by 100% in the past two years and commands a CPM that is more than double GDN Display overall
  - Exchange/Network - By the way, the thing that connects these two is our Exchange - AdX - without AdX, wouldn't have the network effect.... more pubs from DFP means more attractive to advertisers... more advertisers means more desire for pubs to get

on DFP... virtuous circle

2) ECONOMICS - The economics of these businesses: The three cash cows are our: **network** - still the big gorilla at \$6B. **exchange** - edging close to \$1B, growing at 87%, and YouTube businesses and, relative to the total market - there is still room to grow in each of these area

-- **Everything else drives those two numbers**, but some interesting note:

-- our "buy-side platform stack" (our ad server, demand side platform, and exchange) are collectively \$1.5B business ... we will review this business plan in N-staff, but there is a huge opportunity to better resource these businesses to fuel growth and share of the stack and, consequently, the media business

-- AdMeld declining as most publishers have migrated over to AdX, so not really an accurate metric

FROM PHILIPP:

Spend more time on 3 (ecosystem) to explain the dynamics

This is the ecosystem that we're in

Platform businesses

Newer businesses

All ties very closely together